

Strong US jobs data tempers street expectations

بنك الإمارات
للإستثمار

EMIRATES INVESTMENT BANK

LOOKING BACK

- **Strong US jobs data tempers street expectations.** After a poor May on the jobs front, June's employment report showed the US economy added 224k jobs, far exceeding expectations. While average wages rose 3.1% YoY, unchanged from the previous month, the unemployment rate edged 0.1% higher to 3.7% on account of an increase in the participation rate. The news comes as a bright spot amid a fairly mixed bag of recent macro-economic data and allows the Fed some breathing space while tempering expectations of an aggressive rate cut cycle. The 10-year US Treasury yield bounced from a weekly low of 1.95% to end last week at 2.03%.
- **Lack of details tempers optimism surrounding trade truce.** Investors heaved a sigh of relief after Trump and Xi agreed to a temporary truce on the sidelines of the G20 summit. While neither side offered a timeline for negotiations, the absence of details surrounding the resumption of talks tempered some of the optimism. On the week, the S&P500 gained 1.7% while the Shanghai Composite edged higher by 1.1%.
- **German data deteriorates further.** Data continued to highlight the damage trade tensions and slowing growth have done to the export-oriented German economy. Factory orders fell 2.2% in May, taking their YTD decline to 8.6%, the sharpest drop since 2009. Even the manufacturing PMI dropped for a sixth straight month in June. The data raised prospects of renewed Eurozone stimulus and pushed the 10-year German government bond yield to a new record low of -0.36%.
- **Erdogan fires Central Bank Chief.** In a move that could further unnerve investors and raise more doubts over the Central Bank's independence, Erdogan sacked Turkey's Central Bank Governor Cetinkaya over the weekend. Risk appetite toward Turkey was already weak amid reports that Turkey will take delivery of Russian military hardware despite US reservations. On the week, the BIST-100 rallied 3.3% on global cues while the TRY appreciated 2.9% against the USD.
- **OPEC-Russia agree to extend production cut agreement.** Russia and OPEC agreed to extend oil production cuts by 1.2mio bbl/day for another six to nine months, signalling that the oil market is still oversupplied and that demand growth looks weaker through the end of 2019. OPEC is clearly trying to maintain higher oil prices amid increasing US shale supply even if it comes at the expense of a falling market share for the cartel. Brent fell 3.5% on the week.

LOOKING FORWARD

- China reports its CPI and the UK announces its Industrial Production (IP) data on **Wednesday**. US CPI will be released on **Thursday** while Japan and the Eurozone report their respective IP data on **Friday**.



MAIN CROSS RATES

€ 1 ————— \$ 1.1225

£ 1 ————— \$ 1.2521

\$ 1 ————— ¥ 108.47

	Yield % (07/07)	Yield % (30/06)
Abu Dhabi 2021	2.06	2.06
KSA 2021	2.31	2.29
Dubai 2023	2.94	2.19
Qatar 2023	2.31	2.35
US 10Y	2.03	2.01
German 10Y	-0.36	-0.33

Equities	Last Price	Weekly Chg	YTD Chg
MSCI World	2,206	1.2%	17.1%
MSCI BRIC	323	1.3%	13.8%
MSCI EM	1,060	0.5%	9.7%
USA - S&P 500	2,990	1.7%	19.3%
UK- FTSE 100	7,553	1.7%	12.3%
France - CAC40	5,594	1.0%	18.2%
Germany - DAX	12,569	1.4%	19.0%
Japan - Nikkei 225	21,746	2.2%	8.7%
Dubai	2,661	1.3%	5.2%
Abu Dhabi	4,999	0.2%	1.7%
Saudi	8,847	0.6%	13.0%
Oman	3,823	-1.8%	-11.6%
Kuwait	4,784	0.8%	1.0%
Egypt	13,997	-0.7%	7.4%
Qatar	10,567	1.2%	2.6%
Commodities			
Gold (\$/oz)	1,399	-0.7%	9.1%
Silver (\$/oz)	15	-2.1%	-3.2%
Platinum (\$/oz)	810	-2.9%	1.8%
Oil – Brent (\$/bbl)	64	-3.5%	19.4%

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EMIRATES INVESTMENT BANK

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